

Summary of Minutes

BLOOMINGTON ECONOMIC DEVELOPMENT COMMISSION MEETING HELD ON WEDNESDAY, MAY 4, 2011 AT 3:30 PM IN THE MCCLOSKEY ROOM OF CITY HALL AT SHOWERS, 401 NORTH MORTON STREET, BLOOMINGTON, INDIANA

Call to Order

The meeting of the BIIF Review Committee was called to order at 15:37 PM.

Roll Call

Members present: Amanda Nickey, Mike Satterfield, Malcolm Webb, Kurt Zorn

Staff present: Danise Alano-Martin, Economic and Sustainable Development Director; Adam Wason, Economic and Sustainable Development Assistant Director; Jacqui Bauer Margie Rice, City Legal Council; Jeff Holabaugh, Intern; Connor Caudale, Intern.

Members of the Public present: Hugh Kramer, LED Source; Ryan Stout, Xfinigen; Ron Walker, Bloomington EDC; Mike Malik, Herald Times Representative

Approval of Minutes

Mike Satterfield moves to approve February 25, 2011 Minutes. Motion seconded. Minutes approved.

Staff Report

Danise Alano-Martin introduced Connor Caudill to the EDC. Connor introduced himself to the EDC, briefly discussing his background and projects for the summer. Adam Wason discussed current balances on outstanding BIIF loans and all loans are current. A miscommunication with Cha Cha was addressed and the loan is now up to date. In addition Bloomingfoods and Feast Bakery loans are up to date. There is a fund balance of roughly \$645,942 at an interest rate of 0.3%. Mr. Wason mentioned staff involvement with 3-4 more potential BIIF loan applicants. Ms. Alano-Martin informed the commission of plans to schedule the next Loan Review Committee meeting

New Business

Resolution 11-03: Approval of Loan from Bloomington Investment Incentive Fund for Ten Thirteen, dba LED Source.

Mr. Wason discussed loan request of \$74,000 to Ten Thirteen LLC, dba LED Source. Hugh Kramer will be 100% principal owner of LED Source. Mr. Wason notes a total project cost of over \$150,000. Loan proceeds would be used toward build out expenses on a facility at 406 S. Walnut Street. Also included would be initial capital expenditures, franchising fees, and supply of inventory. The franchise will have a 12 county protected area, including Indianapolis, Terre Haute, Columbus, and Bloomington. LED Source will supply Light Emitting Diode (LED) bulbs, focusing on commercial facilities, primarily the retrofitting of existing facilities. LED lights do not contain any mercury,

mitigating environmental concerns with incandescent. Adam informed the commission that the City of Bloomington has replaced traffic light bulbs with LED bulbs, resulting in approximately 80-90% efficiency improvements. LED Source plans to hire 13 full-time employees (8 sales representatives and 5 administrative support personnel). Mr. Wason informed the commission that the project meets all requirements of the loan fund. Mr. Kramer provided additional information regarding the LED Source business plan and potential. Kurt Zorn asked about the total project cost and the loan amount. BIIF guidelines state a 50% loan amount on a project up to \$100,000 and 20% of remaining loan amount above \$150,000. Ms. Alano-Marting mentioned potentially adding a waiver to this application. Dr. Zorn feels it is worth revisiting the language in BIIF guidelines.

Mr. Kramer discussed the potential growth in the market for LED lighting, noting that incandescent lights are being legislated out of the market. Dr. Zorn asked about potential competition from “big box” retailers and asked Mr. Kramer to speak about competition from these types of retailers. Mr. Kramer stated that the market LED Source is commercial, this market is not served by “big box” retailers. LED Source will not specifically target residential markets. Mr. Wason informed the commission that the department has received a letter of approval from the property owner and that the city legal department has approved the process to this point. Mr. Wason asked Margie Rice about the loan amount question mentioned above. Mr. Kramer mentioned that project cost will be greater than \$150,000. Ms. Rice stated that reworking the last clause of the loan guidelines. Mr. Kramer asked if this reworking will rework the timeline of loan process. Staff stated it would not. Mr. Kramer stated a concern with funding process due to training schedule and financing timeline. Ms. Rice stated that it should not be a problem. Mr. Satterfield asked Mr. Kramer to speak to a question raised at the April 20th BIIF Loan Review Committee meeting. Mr. Kramer stated that he will keep at most \$50,000 worth of inventory on-site. The remaining of projects will be large enough to place separate, specific orders from headquarters, which keeps roughly \$10 million in inventory. Mr. Wason stated that the question was concerning royalty payments. Jacqui Bauer asked where the lights are manufactured. Mr. Kramer stated that Philips LEDs are manufactured mostly in Europe; Toshiba are manufactured in Asia; CREE are manufactured in North Carolina; Lighting Sciences is based in Florida. Mr. Kramer spoke to the issue of quality with off-brand LED. Ms. Alano-Martin discussed amendments to loan application. Mr. Satterfield moved to accept Resolution 11-03, as recently updated. Amanda Nickey seconds. Resolution 11-03 passes.

Resolution 11-04: Approval of Loan from Bloomington Investment Incentive Fund for Xfinigen.

Mr. Wason introduced Mr. Ryan Stout and Xfinigen, a lithium-ion battery manufacturer with plans to operate a lithium battery assembly facility at 415 W. 7th Street, Bloomington. Xfinigen is requesting a \$70,000 loan on a total project cost of well over \$200,000 and a total investment cost of over \$2.54 million. Mr. Wason mentioned plans to eventually expand into the Thomson CRED district. Mr. Wason discussed over \$165,000 in equipment purchases necessary for the project. M. Wason detailed Xfinigen parent companies Enertek and Xtreme Energy Solutions. Xfinigen products have

military, renewable energy, and heavy duty transportation applications. The first phase plan is to hire 6-9 employees. The second phase calls for the hiring of 40 employees. Xfinigen plans to employ 110 people within three years. Mr. Wason informed the commission that the department has worked with Mr. Stout since the April 20th BIIF Loan Review Committee meeting to better understand the financials of the company and have received letters of intent from three companies interested in purchasing Xfinigen products. Mr. Wason informed the commission that staff and legal have felt comfortable with project financials. Mr. Wason introduced Mr. Ron Walker of the Bloomington Economic Development Corporation (BEDC), who has been working with Mr. Stout on the project. Mr. Walker informed the commission that BEDC recently completed an economic impact analysis on the project. The results show the creation of 107 new jobs in the next three years, noting the level of benefits accruing to the community as a result. The state of Indiana informed the BEDC of the potential to locate the facility in Bloomington. Mr. Walker feels that the project can serve to position Bloomington as a center for high-tech manufacturing. Mr. Walker also feels the project can provide additional private contractor capacity for Crane. Mr. Stout feels that the location in the vicinity with Crane will serve the company well. Xfinigen and Crane have met and Crane is excited about the possibility to purchase products from Xfinigen. Mr. Stout feels that the Bloomington location will allow Xfinigen to become a preferred supplier to Crane. Ms. Bauer asked if Xfinigen has explored the possibility of electric bikes. Mr. Stout stated that Xfinigen is focused on heavier duty applications. Mr. Stout also stated that he is interested in exploring any potential markets. Ms. Nickey asked Mr. Stout where the principals of the company are located. Mr. Stout stated the two other company principals are located in Portland and Denver. Mr. Stout stated that new hires will come from the Bloomington area.

Mr. Satterfield mentioned concerns about the level of production of the facility. There was discussion that it may be an overly ambitious estimate of production capacity. Mr. Stout stated that the facility is more of an assembly plant than a manufacturing facility. Mr. Satterfield asked about the letters of intent. Mr. Wason informed the commission that staff have received several letters of intent and mentioned specific companies. Mr. Stout spoke about the diversity of products offered by Xfinigen and the variety of applications. The heavy duty transportation application was discussed and Mr. Stout cited potential cost savings to semi trailer drivers as a result of reducing idling times. Mr. Satterfield asked if staff is comfortable with collateral. Mr. Wason mentioned that both staff and legal are comfortable. Mr. Webb asked about payback period. Staff informed the commission that the payback period is five years for both loans being discussed (LED Source and Xfinigen). Mr. Webb made a motion to approve Resolution 11-04. Mr. Satterfield seconds motion. Resolution 11-04 passes.

Old Business

Ms. Alano-Martin informed commission that a meeting will be scheduled for the next review committee meeting. The commission discussed possible meeting times. Tentatively scheduled for 3:30, Wed. May 25th.

Meeting AdjournmentMr. Satterfield moved to adjourn. Mr. Webb seconds. The EDC meeting adjourned at 16:36 PM.